

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

OPPOSITION OF UNITED STATES POSTAL SERVICE TO
MOTION OF THE OFFICE OF THE CONSUMER ADVOCATE TO COMPEL
PRODUCTION OF DOCUMENTS REQUESTED IN OCA/USPS-T36-1(A)
(November 13, 2001)

Pursuant to Rule 21 of the Commission's Rules of Practice, the United States Postal Service hereby opposes the motion of the Office of the Consumer Advocate to compel the production of documents requested in interrogatory OCA/USPS-T36-1(a), filed November 5, 2001 (hereinafter Motion). Despite the generalized complaints in the Motion, the main issue here is whether the Postal Service should be required to provide an audit report by the Office of the Inspector General on past failures by unrepresentative facilities to follow proper Delivery Confirmation scanning procedures.¹

The Postal Service is not objecting to the OCA's general request for audits, studies, or updates on special services, but instead objects to providing one report that focuses on practices during 1999 and 2000 at five delivery units, chosen specifically because postal employees at those facilities had reported problems.² Even the OIG

¹ The Postal Service responded to the OCA's concerns, Motion at 4-5, about the response to interrogatory OCA/USPS-101 by clarifying its response on November 9, 2001. On the issue of use of old scanning equipment at the L.A. P&DC, the point remains that all facilities have the proper scanning equipment for the signature capture program, and that the criticized practices have been corrected.

² The Postal Service has identified two other reports that are responsive to the OCA's interrogatory, and made them available without objection. Thus, the Postal Service has responded to the OCA's concerns that it has "hedged" its response to interrogatory

(continued...)

recognizes that its study was not designed to be representative of Delivery Confirmation practices nationwide. The Postal Service's Vice President for Delivery explained in a September 20, 2000 letter to the OIG's Acting Assistant Inspector General for Business Operations that:

the actual audit is not a 'review of the Postal Service Delivery Confirmation Program.' Instead, the audit focused on five delivery units that were identified through the Inspector General hotline complaints as having improper scanning procedures. The report title and content need to clearly reflect the extremely limited nature of this audit."

The OIG agreed, changing the title to "Review of the Postal Service Delivery Confirmation Program at Selected Facilities."

According to the OCA, the Postal Service believes that the "details on the extent of the problem, its duration, the volume of mail affected, and related matters are beyond the scope of the Commission's authority." Motion at 3. The Postal Service's claim is not so broad, but rather seeks to limit discovery to materials that are relevant and material to the issues in the current omnibus rate case, especially at this critical time in the Postal Service's history.

(...continued)

OCA/USPS-T36-1(a). Motion at 2. While the original response was provided while the Postal Service was still reviewing the OIG audit reports, a revised response, filed on November 7, reports the finding of three responsive studies. The Postal Service has been forthcoming in mentioning the Delivery Confirmation report, given its lack of connection to the certified/registered mail audit report which formed the basis for this OCA interrogatory.

The OCA argues relevance based on “the Commission’s clear expression of concern that the value of a Postal Service product or service is directly affected by issues relating to consumer satisfaction and the efficiency (or lack of efficiency), with which the product is delivered.” Motion at 3. But the report at issue focuses on operational problems at a few delivery units, which would not be expected to have a significant impact on nationwide customer satisfaction. Most significantly, the OIG indicates that “[m]anagement’s comments are generally responsive to our recommendations, and their actions taken and planned should correct the conditions identified in this report.” Report at iii. Thus, the report does not present problems, even at a few facilities, that might be relevant to recommending Delivery Confirmation classifications and pricing for the test year in this docket.

The OCA alleges “a disturbing pattern” to how the Postal Service is responding to discovery on OIG audit reports on scanning issues, and suggests that “the Service is using non-responsive answers and specious relevance arguments to avoid embarrassment or to foreclose lines of inquiry that might show serious problems in its special services. Motion at 4-5. While the Postal Service last week did clarify one response (to interrogatory OCA/USPS-101) criticized by the OCA in its Motion, the Postal Service strongly rejects any claim that it is trying to conceal serious problems in its special services.

The OCA has filed a multitude of broad interrogatories not directed at any of its witnesses, and concerning issues of at most a peripheral relationship to the issues in this case. In this regard, we again emphasize that operational issues at particular facilities are not a proper or productive subject for discovery. In any event, the OIG

audits reports do not raise any serious problems with special services. To the contrary, they report on operational deficiencies at isolated facilities that have been corrected.

Even if the report were found to be relevant to some issue in this case, a report on Delivery Confirmation practices at particular facilities directly concerns the Postal Service's competitive products (Priority Mail and Package Services), and thus is commercially sensitive.³ The commercial sensitivity of this report was raised by Postal Service management in its comments on the report. Report at 19.

The OCA argues that the Delivery Confirmation audit report is no more sensitive than a public report on certified mail scanning practices. Motion at 6. But certified mail is primarily a First-Class Mail product, unlike Delivery Confirmation, which, in conjunction with Priority Mail and Package Services, directly competes with similar products of private providers. These private companies would not make similar management reports public, and would gain an unfair competitive advantage if they

³ The Postal Service also objects to making the facility-specific data in this report public.

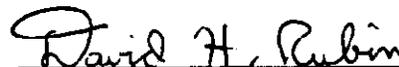
could make use of the OIG's reports to disparage the Postal Service's products, or otherwise compete with the Postal Service.⁴

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

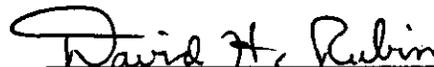
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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⁴ If commercial sensitivity were the only problem with the OCA's request for this report, then the Postal Service would request protective conditions for the report.